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AN EVALUATION OF THE SERVICES OF AN INVESTMENT FIRM

By

William J. Beaman

B.S., University of Montana, 1967

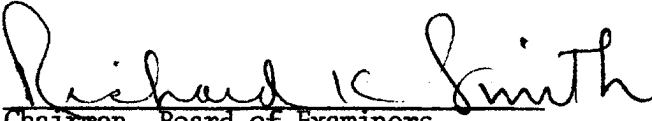
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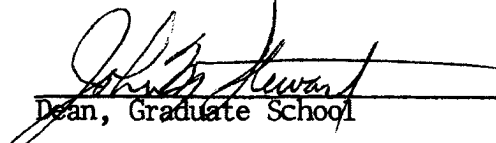
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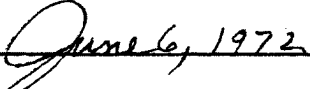
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CHAPTER I

INTRODUCTION

The investment industry has sustained a number of shocks and undergone numerous radical changes in the past few years. This industry enjoyed immense success until the latter part of the 1960's, when a minor recession swept the nation.

Prior to this time, Wall Street enjoyed ever-increasing success. The average daily volume on the New York Stock Exchange (NYSE) rose from five million shares in 1964 to thirteen million shares traded daily in 1968.¹ As volume increased, brokerage firms added to their staffs of registered representatives, but often failed to increase sufficiently their back office capabilities. The surge in the stock trading volume outstripped many firms' ability to process transactions.

Massive paperwork snarls created great increases in operating costs. In an effort to alleviate the problem, many firms turned to automation and spent millions of dollars on computerized equipment. The "bear" market of 1969 and 1970 hit and the trading volume was depressed to a low average of eight million shares daily in February and again in June of 1969.

¹William L. Cary and Walter Werner, "Outlook for Securities Markets," Harvard Business Review, July - August, 1971, p. 16.

With the loss in revenues and extremely high overhead costs, many firms realized severe financial difficulties. The weaker firms were crushed under the heavy financial burden of a prolonged slackness in trading. A few of the Street's oldest firms that had survived World Wars and major depressions were forced to merge with bigger, healthier firms.² Thus, larger, financially stronger firms were created with sufficient capital for full-scale automation.

As a result of events during and following this period, many brokerage firms as well as the Securities and Exchange Commission and the stock exchanges themselves, have taken steps to make operations more efficient and have attempted to preclude any future occurrences of a similar nature. The SEC has completed several studies that have, and will, impose greater restrictions on individual brokerage firms. This is being done to protect the investor, as well as brokerage firms themselves. Other steps have been proposed that would prevent paperwork problems during periods of high trading volume. For example, it has been proposed that stock certificates and their physical transfer be eliminated altogether, and process computerized. In June, 1969, an IBM card was proposed by the Committee on Uniform Security Identification Procedures (CUSIP). This financial industry group, under the guidance of the American Bankers Association, recommended that a punched card, imprinted as stock certificates are now, be used on both the NYSE and the American Stock Exchange. U. S. Banknote, makers of stock certificates, suggested the use of optical scanning in conjunction with the present form of

²A very good example is the demise of Hayden, Stone, Inc., in existence since 1892. See, "Wall Street Can't Cope in its Present Form," Business Week, October 17, 1970, p. 166.

stock certificates. Both of these steps were considered to be stop-gap measures by many and would only delay the ultimate solution-- elimination of the stock certificate.

Preliminary steps have been taken towards the 'certificateless society'. The NYSE has adopted a limited use of the Central Certificate Service, a depository concept in which stock certificates are deposited and the account debited and credited to reflect buys and sells. Although the system has enjoyed limited success since its inception in 1969, it still faces many problems before it can be adopted on a large scale basis. Primary among these problems is the legal requirement associated with possession of shares of stock (e.g. states require that financial institutions, such as banks, maintain securities in their own possession).

By some estimates, elimination of the stock certificate could save the securities industries as much as \$500 million annually.³ It would also eliminate the problem of theft of securities that was so pronounced in 1969-70, as approximately \$500 million in securities were stolen in that fiscal year alone.⁴

During the bear market period of 1969-70, many investors became disillusioned with the stock market and sought other types of investments. This was especially true of many small investors who had been hesitant to go back to the stock market even as it recovered, fearing a repetition of their 1969-70 experiences. In periods such as these, the services offered by a brokerage firm become extremely important

³"Closing in on the Stock Certificate," Business Week, July 3, 1971, p. 19.

⁴"The Toll Mounts on Stock Theft," Business Week, June 26, 1971, p. 82.

in this highly competitive field. Not only do firms want to attract the investor back to the market, but they want him to come to their particular firm. Consequently, a variety of new services are now offered by brokerage firms. For example, the largest brokerage firm in the world, Merrill Lynch, Pierce, Fenner & Smith, offers such diversified services and alternate means of financing as commercial paper, real estate financing and investment counseling.⁵ Others offer life insurance. These firms want to attract the investor by offering not only what he presently desires, but additional services the firm thinks the investor may like, as well.

Studies analyzing customers' opinions of investment firms are either rather informal in some firms or, in other firms, non-existent. For competitive reasons, studies of this nature are not published. Intentions to broaden services are not published ahead of time, and they become common knowledge only after having achieved a certain degree of success. Other firms then follow the trend.

Investment firms offer services they think the public will like or that have been tried by other, more aggressive firms with varying degrees of success. This study goes to the customer in an attempt to determine his feelings about the services offered by an investment firm, his degree of satisfaction with those services, and his ideas relating to improvement (or what other services he would like to see offered).

⁵"The Quiet Revolution," Forbes, October 1, 1969, p. 82.

Need for the Study

It is generally assumed that business is consumer-oriented, i.e. the desires of the consumer will, to a large extent, dictate what business will produce or offer in the way of services. Although a certain amount of controversy exists today over this theory, it does not necessarily hold true in the highly specialized field of investing, since investment firms are limited in the services they can offer.⁶ Increased profit must, therefore, be achieved through the improvement of present services. It appears that the investors' reactions or desires are rather informally gathered and there is no systematic effort to determine the customers' reactions to present services. To the writer's knowledge, the attempts to gather a sampling of investors' opinions have been merely solicitations for new accounts.

Purpose of the Study

The objective of this study is to survey a random sample of an investment firm's customers in an attempt to determine (1) the customers' opinions of the firm, (2) how they feel the services can be improved, and (3) what additional services could be offered. To do this, a Montana investment firm was selected because of its location, size, and the interest expressed by the management in having such a study done. The firm is relatively small in comparison to many national brokerage firms, but shares a great number of similar problems. It is hoped that this study will provide an insight into investors' opinions as to the services offered and how they can be

⁶For an example of the controversy on this subject see: John Kenneth Galbraith, The New Industrial State (Boston: Houghton Mifflin Co., 1971).

changed and improved upon. The better the firm understands the needs and desires of the customer, the better it will be able to satisfy these needs and desires.

The study will begin with a brief historical analysis of D. A. Davidson & Company, the firm whose customers were queried, to give the background and create a setting. This is followed in Chapter Two, by the organization of the study itself, the methodology used, and general problems encountered in the study. Chapter Three is devoted to the presentation of the survey data and Chapter Four will present conclusions and recommendations.

Historical Analysis

In the year 1935, people were not optimistic regarding the future of the U.S. economy, the usefulness of securities exchanges, and the profits to be made from investing in corporate securities. The country had just experienced the famous stock market crash of 1929 and perhaps, the worst depression it will ever see. In the investment field in Great Falls, Montana, things had not been much better as two brokerage houses had been closed for "dishonest manipulations."⁷ One of the relatively few farsighted people, who had confidence that the economy would recover and securities investing would once again attract large numbers of people as investors, was Mr. David A. Davidson. At this time, Mr. Davidson opened and managed a branch office of Gibson Associates, Inc., an investment firm, in Great Falls.

⁷Ian B. Davidson, "The Potential of a Small, Single-Office Investment Brokerage Firm," (Unpublished Master's Thesis, University of California, Berkeley, 1956), p. 8.

Mr. David A. Davidson was not only a firm believer in the future of the U.S., but also a shrewd businessman with an eye for the future. While the Butte office of Gibson continually ran in the red, Mr. Davidson's office showed a profit, however slight at times. In 1941, Mr. Davidson became the principal stockholder in Gibson Associates, and eventually closed the Butte office that had consumed his profit for so long.

The sole office for Gibson Associates, located in Great Falls, was operated by a staff of two. Mr. Davidson had in his employ a female secretary-accountant of rare talents. Besides handling all of the functions of today's 'back office,' this lady was a registered representative and could (and did) take orders for securities and commodities.

This staff of two very efficiently and, at times, profitably operated the Great Falls office until the early 1950's. At that time, competition in the form of Piper, Jaffray & Hopwood, an investment firm headquartered in Minneapolis, caused serious problems for Gibson Associates. Again, Mr. Davidson wisely saw the need for changes if his firm was to survive.

At this time a young gentlemen, who would have an immediate and long-lasting impact on Gibson Associates, entered the picture. While completing his graduate work at the University of California (Berkeley), Mr. Ian B. Davidson undertook a study of Gibson Associates in an effort to make recommendations that would place the firm in a better competitive standing in the community. This study concluded in several recommendations that were later adopted by Gibson Associates.

Following an analysis of the business potential of a brokerage firm in the Great Falls area, Mr. Ian B. Davidson concluded that ". . .Great Falls, Montana, possesses adequate potential to support the number and type of brokerage firms currently operating in that city."⁸ In order to take full advantage of the potential in the Great Falls area, Mr. Davidson concluded that several changes would have to be made within the firm. These included: (1) increasing the staff of Gibson Associates; (2) developing an aggressive sales program (which up until this time had been almost non-existent) with the addition of staff members; (3) increasing profitability in the firm by dealing more in over-the-counter securities; and (4) obtaining membership on a major regional stock exchange (more specifically, the Midwest Stock Exchange). These recommendations were adopted and the firm not only met the competition, but began a pattern of growth that continues to this day.

The name, Gibson Associates, Inc., was later changed to D. A. Davidson and Company, as it is known today. The young gentleman who entered the scene in the middle 1950's is Mr. D. A. Davidson's son, who, with the aggressiveness and confidence characteristic of his father, has developed the only investment firm domiciled in Montana into one of the most successful businesses in the State. In 1955, the elder Mr. Davidson was one of a staff of two in a firm located in one city. Seventeen years later, the firm has offices in four of Montana's cities and employs sixty-six people. In that short period, the volume of the firm's sales has increased over 117 times. Expansion

⁸Ibid., p. 117.

plans are underway at this time for further growth of the firm. D. A. Davidson & Company proudly bears the title of "Montana's Oldest Investment Firm." It is also recognized as one of Montana's most successful business ventures.

CHAPTER II

ORGANIZATION OF THE STUDY

The purposes of the present study were stated in Chapter One. Chapter Two explains the methodology of the study itself.

Derivation of the Sample

One of the first decisions made in developing this study was to obtain information from a random sample of the firm's customers through the use of a mail questionnaire. This method was selected in view of the fact that D. A. Davidson & Company had over 9,000 customers at the time the sample was taken (January 8, 1972), and would allow contacting the most people at the least cost. The customers' names are maintained in a central file that is arranged alphabetically by office. By selecting only current customers, a bias was interjected into the study, however this was unavoidable, as it was not possible to contact lost accounts.

It was decided that the sample should be large enough to provide reliable data and be truly representative of the population from which it was drawn, yet within monetary constraints. With this in mind, a sample of approximately 1,000 customers was used.

The customers included in the sample were identified by selecting every ninth name in the file beginning with the fourth one. The first name to be selected was chosen by putting nine numbers in a hat and selecting one (four was selected). The fourth

name was then selected, the thirteenth, and so on. Once the names and addresses were selected, they were typed on labels for placement on the outgoing envelopes, as well as the preparation of a master list.

Discussion of the Cover Letter and Questionnaire Design

A cover letter, if properly structured, will attract the prospective respondent's attention and hold it long enough to explain the study and motivate the person to respond. The steps taken along these lines with the cover letter in this study included: (1) a short, concise letter with a professional appearance and, (2) the signature block in a different color of ink from that of the body of the letter to detract from a "form letter" approach. A copy of the cover letter is presented in Appendix A.

The questionnaire evolved from a much smaller, less sophisticated questionnaire used in a small pilot study undertaken during the summer of 1971. It was decided that the questionnaire should be as brief as possible, as plain and easy to answer as possible, but yet provide data that was valid, reliable, and pertinent to the goals of this study. Although a few of the questions used in the pilot study were repeated, the majority were new. The questionnaire was commercially reproduced to present a neat and professional appearance. A copy is presented in Appendix B.

Realizing the questionnaire was the key to successful attainment of the goals of this study, it was carefully organized, structured, and then extensively pre-tested. The main concern throughout the pre-testing stage was ease in answering and comprehension of the questions, but most importantly, the way in which each question was

interpreted. Insofar as possible, each question was written so that it would mean the same thing to each respondent.

The flow of questions was also considered to be highly important. Although each question had its individual importance, the questionnaire was structured so as to attract the respondent's attention and keep it until the questionnaire was completed.

At the same time, the questionnaire attempted to get the respondent to think about his investment, the firm, and the services provided. The last portion of the questionnaire asked for the respondent's opinion of the services, how they could be improved upon, and if any additional services should be provided.

Structure of the Questionnaire

The questionnaire was divided into several distinct parts. These were: classification of the investor (questions 1-4 inclusive and 9); relationship between investors and their brokers (question 5); relationship between investors and other investment services or brokers (questions 6-8); and investor's assessment of D. A. Davidson & Company's existing and prospective services (questions 10-13).

Responses to questions in the first section--classification of the investor--allowed respondents to be classified according to certain characteristics. The second section established the relationship between the investor and the broker, the investor's opinion and perception of the broker, and the degree of reliance on the broker in investment decision making. The responses to questions should clearly illustrate the relationship between the investor and his broker.

The relationship between the investor and other investment services or brokers was determined through the analysis of the

responses in the third section. These data indicated the extent to which investors used the services of another investment firm or the degree of satisfaction with D. A. Davidson & Company.

The fourth section provided the investor's assessment of present services and other services deemed desirable.

Problems Encountered

Many problems are encountered in a study of this nature, but given a sufficient length of time and adequate resources, most of these problems can be eliminated. However, these two factors are often limited.

The biggest problem realized in the questionnaire's preparation was that of semantics. No matter how a question was worded, two respondents could be found who would interpret it differently. This problem was reduced to the largest degree possible through extensive pre-testing in personal interviews.

The actual structuring of the questionnaire presented certain difficulties in that it had to be designed to flow smoothly and logically. The range of replies to the questions was limiting in some respects, in that all possible answers could not be listed. The more common replies had to be listed but an open-ended option was often provided.

Rating scales are not perfect estimators of a respondent's opinion, as they are often self-limiting and do not present the exact answers the respondent may wish to give. Although the instructions gave the proper method of answering these scales, every conceivable method of responding to them was evident.

CHAPTER III

PRESENTATION AND ANALYSIS OF THE SURVEY DATA

Introduction

On February 26, 1972, 1,014 questionnaires were mailed to the customers of D. A. Davidson & Company selected in the sample. Eleven of these were returned the following week as being undeliverable. Nine of the questionnaires were returned without being completed for a variety of reasons. As the trouble was taken to return these uncompleted questionnaires, it was assumed that any further attempts to have them completed would be futile. The remaining 994 outstanding questionnaires were assumed to be valid inquiries.

On March 9, 1972, the first follow-up post cards were mailed to approximately 600 customers who had not returned the questionnaires. On March 17, 1972, the second follow-up post cards were sent to approximately 400 customers who still had not returned their questionnaires.

Of the 994 outstanding questionnaires, 541 were returned, for a return rate of 54.5 percent. This was considered above average for a survey of this nature, but was quite expected in view of the subject matter and the respondent group. The follow-up post cards resulted in approximately 50 additional questionnaires being returned. Nevertheless, it was felt and subsequently assumed that a sufficient number was returned to adequately represent the universe, i.e., all of the firm's customers.

The return rate for each branch office was: Great Falls, 64.95 percent; Helena, 55.21 percent; Missoula, 47.32 percent; and Butte, 44.29 percent. This was also the order in which the branch offices were opened.

The balance of this Chapter will be devoted to the presentation and interpretation of data derived from the returned questionnaires.

Classification of the Investor

Investing experience

The purpose of the first question was to classify a customer by the amount of experience he had investing in the stock market, and it was answered by all but two respondents. A response of less than one year indicated a relatively new investor, whereas a response of more than five years indicated an investor who probably has a considerable amount of investing experience. Over 64 percent of this investment firm's clientele fell into the last class, whereas only slightly more than 4 percent were classed as new investors (Table 1).

TABLE 1
EXPERIENCE INVESTING IN THE STOCK MARKET

Length of Time Investing in the Stock Market	Number of Responses	Percent
Less than one year	22	4.08
1 to 5 years	171	31.73
More than 5 years	<u>346</u>	<u>64.19</u>
Total	<u>539</u>	<u>100.00</u>

Question 1b again classified customers into the city in which their broker was located. This question was used to check the accuracy of the response by cross-checking it with the master list, and it was found that all customers responded correctly. Having the respondent classified by city made it possible to make comparisons between offices in various cities (see Differentiation Among Branch Offices, later in this Chapter).

Investing media and reasons for their use

Questions 2a and 2b, which asked the customer to identify the category in which the majority of his capital is invested and the reasons for this choice, sought to classify customers according to their risk preferences. A greater proportion of D. A. Davidson & Company's customers invest in common stock and mutual funds than investors across the United States (51.7 percent for the nation versus 79.3 percent for D. A. Davidson & Company).⁹ It was initially felt that an investor who invested primarily in common stock for capital gains or appreciation had a higher risk preference factor than one who invested in government bonds for safety and income. As illustrated in Tables 2 and 3, the majority of this firm's customers do, indeed, invest in common stock for the primary purpose of capital gains or appreciation, although a significant portion (over 31 percent) of the investors invest primarily for safety and income. Some of those who invest in common stock do so primarily for the features of income

⁹"Where People are Putting Their Money Now," U.S. News & World Report, Nov. 2, 1970, p. 40.

and safety, therefore, a generalization concerning the assignment of risk preference according to types of investments and reasons for that choice of investment cannot be stated with absolute precision.

TABLE 2
CATEGORY IN WHICH MAJORITY OF CAPITAL IS INVESTED

Category	Number of Responses	Percent
Common Stocks	349	65.60
Mutual Funds	59	11.09
Commodities	1	.19
Tax-Exempt Municipal Bonds	13	2.44
Corporate Bonds	16	3.01
Government Bonds	9	1.69
Real Estate	61	11.47
Savings Account	11	2.07
Common Stock & Mutual Funds	<u>13</u>	<u>2.44</u>
Total	<u>532</u>	<u>100.00</u>

When a comparison was made between the class of investor according to total portfolio value, and the category in which the majority of capital is invested, it was determined that as the value of the portfolio increased, the respondent had a greater propensity to have the majority of his capital in real estate instead of common stock. The investment objectives were generally the same for all classes of investors, with the exception of the small investor who was more apt to place emphasis on capital gains.

TABLE 3
PRIMARY INVESTMENT OBJECTIVE

Investment Objective	Number of Responses	Percent
Capital Gains or Appreciation	286	55.11
Tax Advantages	24	4.62
Safety & Income	163	31.41
Other	14	2.70
Capital Gains, Safety, & Income	22	4.24
Capital Gains & Tax Advantages	4	.77
Periodic Investment	1	.19
Retirement	2	.39
Tax Advantages & Safety	<u>3</u>	<u>.58</u>
Total	<u>519</u>	<u>100.00</u>

Investor interest

This series of questions indicated, to a certain extent, the degree of interest or activity an investor took in the stock market.

For example, an investor who received quotes on a daily basis from a variety of sources was probably much more interested or active in the stock market than one who infrequently received stock quotes. The replies to question 3c indicated a majority of investors consult their newspaper for stock quotes, which possibly indicates that newspapers may be the best advertising medium for an investment firm in this region. The overwhelming majority of investors consult their

daily newspaper for specific quotes with the broker ranking second in popularity (see Table 4). The third major portion of respondents indicated they consult both the paper and their broker. Over 75 percent of this firm's clientele consult their daily newspaper, their broker, or a combination of the two for their specific stock quotes. The low response for the use of the radio does not indicate any unpopularity of the radio broadcast, as the customer was asked to indicate the media most often used.

TABLE 4
MEDIA MOST OFTEN USED FOR RECEIVING QUOTES

Media	Number of Responses	Percent
Radio	9	2.68
Daily Newspaper	127	37.80
Broker	76	22.62
Monthly Periodicals	9	2.68
Other (e.g. Telequote)	7	2.08
Radio & Newspaper	25	7.44
Newspaper & Broker	52	15.48
All Above	26	7.74
Newspaper & Financial Periodicals	<u>5</u>	<u>1.49</u>
Total	<u>336</u>	<u>100.00</u>

Published investment information

This series of questions was designed to determine how many customers received the published investment information distributed by the firm, and how the customer rated the quality of this information.

It was interesting to note that although all customers receive a monthly statement with written investment information enclosed, over 25 percent of the respondents indicated that they did not receive such information. The majority of respondents indicated they receive this information on a monthly basis and had received it within the past month. Most respondents rated the quality of the information as average, although the majority rated it as average to excellent (Figure 1).

Percent

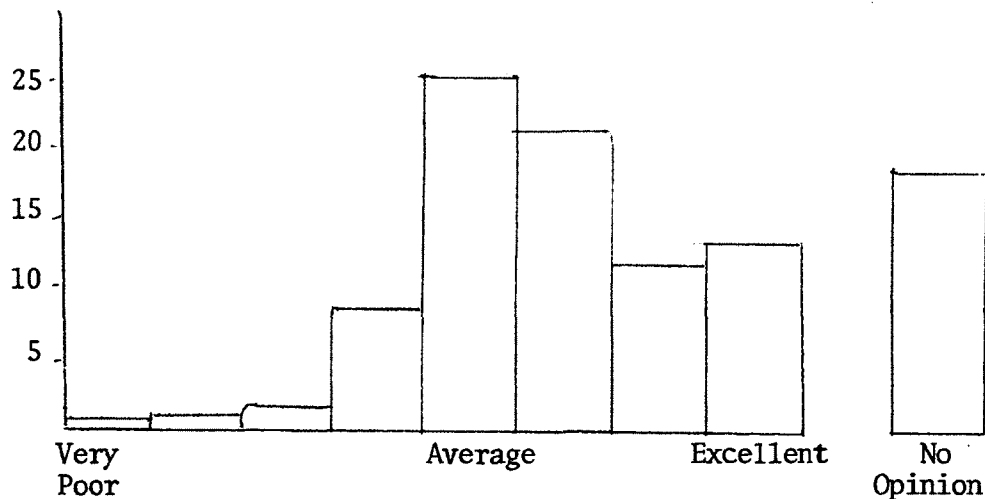


Figure 1. Rating of Quality of Written Investment Information

In a comparison of how often the respondent received the information to the rating, it was determined that those who received the inform-

ation on a monthly basis were more likely to judge the quality as average rather than any other class, whereas those who received it more frequently tended to rate it slightly higher.

The majority of customers indicated all of the information most useful, and specific investment recommendations ranking second most useful. Almost all of the respondents in the highest portfolio valuation classification received written investment information and received it more frequently, whereas only about one-half of the small investors receive such information (Table 5). It is understandable that larger investors would desire and receive more of the published information because of their generally more active interest in the market.

Valuation of portfolios

This question categorized the investor according to the total market value of the securities they owned and thus gave a basis for other correlations in the study according to the importance placed with each category. The largest percentage of respondents fall within the \$5,000 to \$24,999 category with the second largest percentage falling within the less than \$4,999 category. As could be expected, the smallest percentage of this firm's customers have a portfolio of securities worth over \$100,000 at the current time. Although this question was thought to be rather personal, over ninety-five percent of the respondents answered it.

TABLE 5
 COMPARISON OF PORTFOLIO VALUE TO RESPONDENTS RECEIVING
 WRITTEN INVESTMENT INFORMATION

Receive Written Investment Information	VALUE OF SECURITIES			
	Less Than \$4,999	\$5,000 - \$24,999	\$25,000 - \$100,000	More Than \$100,000
Yes	66	144	103	51
No	73	44	13	3

Relationship Between Investor and Broker

This series of questions determined the frequency of contact between the customer and his broker, how the customer perceived his broker, and how he rated his broker's knowledge and understanding of the stock market.

The majority of customers (over 80 percent) talk to their broker on a very infrequent basis, but when they do, they are more likely to ask him for advice on specific investment-decisions, quotes, or orders (in that order). This is generally considered to be the role of the stockbroker or registered representative of an investment firm.

The majority of the respondents rated their broker's knowledge and understanding of the stock market from average to excellent, and the greatest number rated it as excellent (Figure 2). The majority of customers perceived their broker, first, as an investment advisor and, secondly, as an order taker. In addition, the largest percentage of the respondents relied on their broker most of the time in their investment decision making. This all speaks very well for the brokers of this firm, as they are looked upon with respect as investment advisors and not simply as salesmen or order takers and are relied upon in investment decision making. The key to success in the field obviously lies in the firm's representatives, and the customers of this particular firm appear to be quite happy with their brokers. As would be expected, investors with larger portfolios talk to their brokers more often than smaller investors.

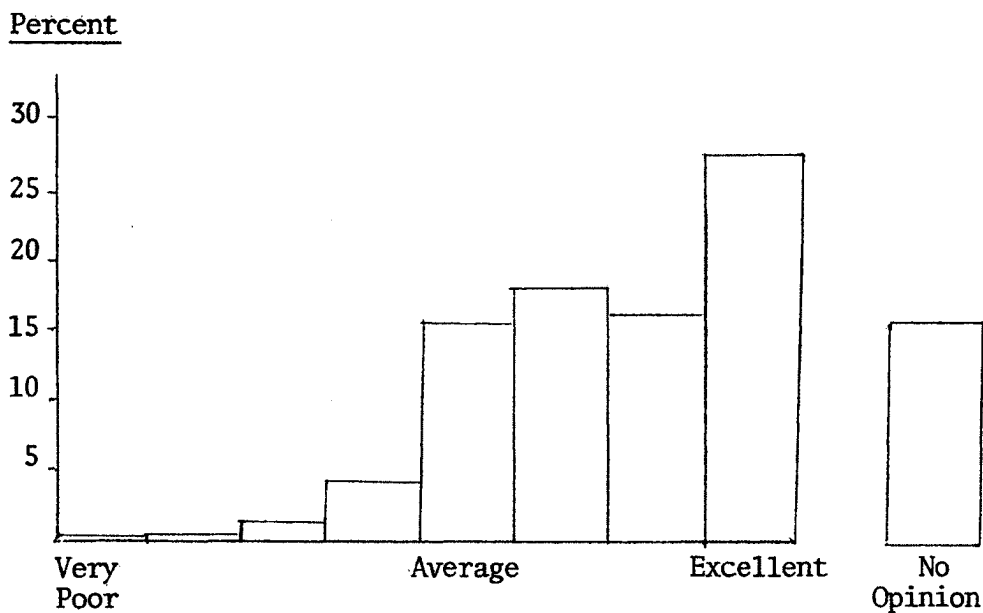


Figure 2. Rating of Broker's Knowledge and Understanding of Stock Market

Relationship Between Investor and Other Investment Services or Brokers

Dealings with other investment firms

The degree of satisfaction with D. A. Davidson & Company would be further evaluated by whether or not the investor currently deals with another brokerage firm. Over 73 percent of the respondents indicated they did not deal with any other brokerage firms at this time. This is significant in view of the fact that in Great Falls there are two national brokerage firms available and in Missoula, one.

Of the small percentage of customers that deal with other firms, most indicated that they do so for the following reasons (in order of preference): other firms offer other types of investments; variety of reasons (e.g., convenient location); contacted by other firm; started with the other firm. Most of these respondents rate D. A. Davidson & Company average to excellent in comparison to the other

firm they currently deal with and the largest single percentage rate it average (Figure 3). The majority of customers in the sample also indicated they acquired less than half of their holdings through D. A. Davidson & Company. It was found, also, that a respondent with a larger portfolio is more likely to deal with other brokerage firms than the small investor. This would not necessarily be a poor reflection on the investment firm under study, as an investor with over \$100,000 in the stock market stands an excellent chance of being contacted by brokers of other firms.

Percent

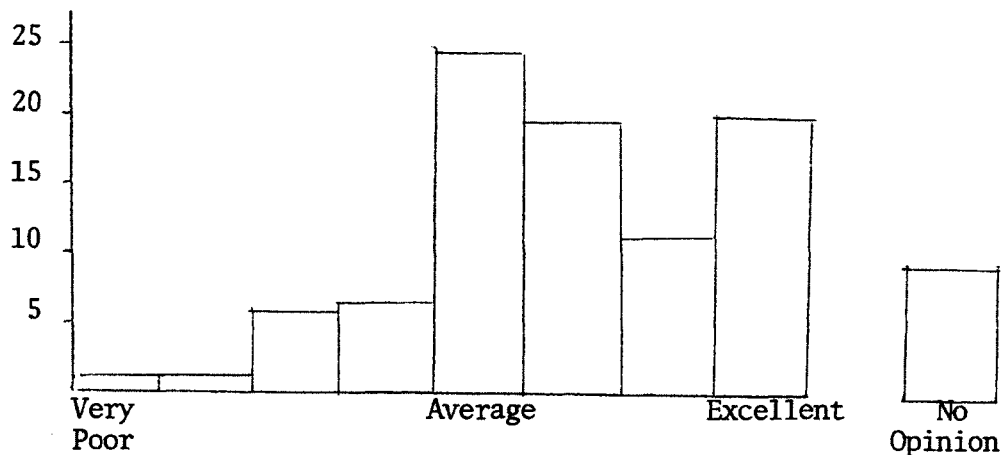


Figure 3. Rating of D. A. Davidson & Company in Comparison to Other Firm Currently Dealt With

Basis for initial selection of D. A. Davidson & Company

This question was developed to determine the basis for the customer's initial selection of this particular investment firm. The largest percentage of respondents indicated they were either contacted by the broker or had personal knowledge of him. It is apparent that the sales technique of "cold-calling" has been successful for the firm,

as evidenced by the substantial number of customers that were acquired by contact by the broker. The convenient location and recommendations of a friend were a very close second.

Use of other sources for investment advice

The extent to which customers of the firm use other sources for information and advice give some indication of the degree of confidence the investor placed in this firm or the individual broker. The number of respondents who indicated they have not frequently sought investment advice from other sources within the last twelve months (73 percent) was approximately the same as those who do not deal with other brokerage firms. Of those who do seek investment advice elsewhere, most go to investment counselors (which in some cases probably means brokers) or to financial periodicals.

Quality of Existing and Prospective Services

As indicated in the first chapter, one of the biggest problems in investment firms has been the handling (or mishandling) of administrative details or the 'back office' operations. More than 90 percent of the complaints received annually by the SEC relate to the back office operations. The customers were asked to rate the firm not only on the overall services, but the back office operations as well.

The largest percentage of responses rated the quality of both the overall services and the administrative details as excellent (Figures 4 and 5). Following a period of great upheaval in the securities industry, these statistics speak extremely well for this particular firm.

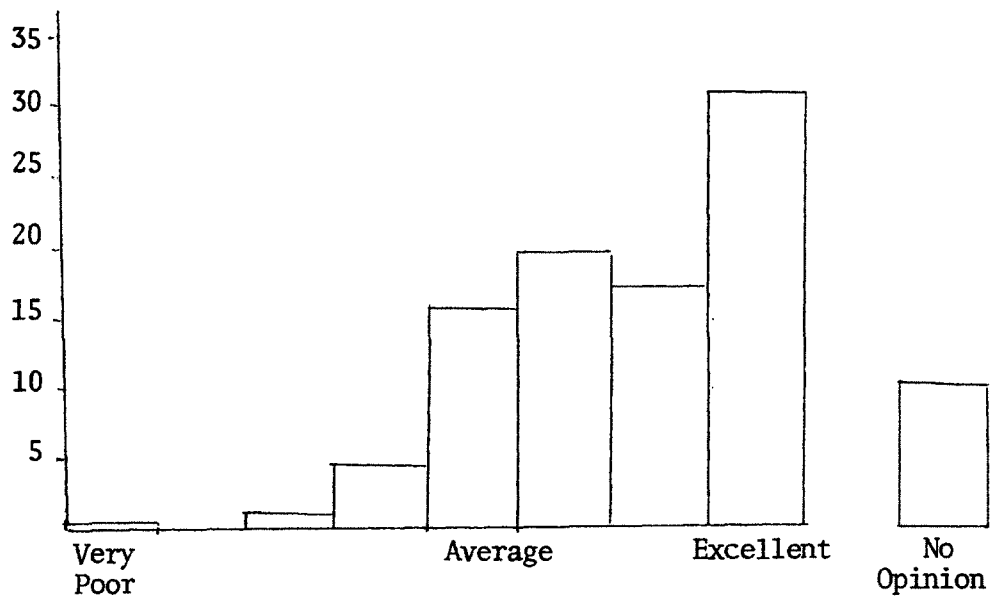
Percent

Figure 4. Rating of Overall Services

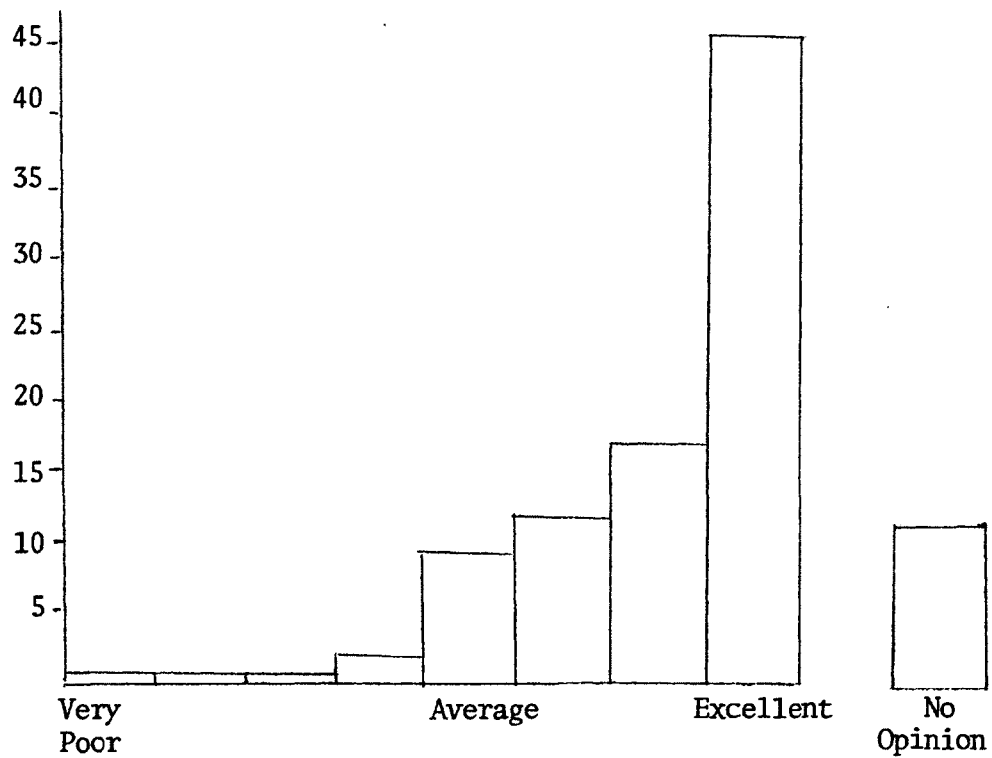
Percent

Figure 5. Rating of Administrative Details

Respondents with larger portfolios would be less likely to give the investment firm an excellent rating than the small investor, although the ratings were generally quite high (Tables 6 and 7).

Additional services desired

The questions relating to services asked for very specific responses to other services that should be offered by the firm, or ways in which it would improve its services. It is unfortunate that a significant number of the respondents did not indicate any response to questions 12 or 13.

Of those who responded, the largest number indicated that the additional services they would like to see offered are (in order of preference): real estate investments, estate planning, tax planning, or a combination of all three (Table 8). From this, it appears that there may exist opportunities for the firm to broaden its services.

The majority of customers who responded to the questions relating to methods for improving the services indicated they were quite satisfied with the present services offered and they could not be improved upon in any way (Table 9). Those who felt the services could be improved suggested improvements in the following areas (in order of preference): more or better quality investment advice; more services (e.g., portfolio reviews, overall long-range financial planning, commodities, more offices, more research, weekly analysis of advisory services recommendations, and more seminars); more frequent contact by brokers; and more advisory services that are up-to-date.

TABLE 6
COMPARISON OF PORTFOLIO VALUE TO RATING OF OVERALL SERVICES

VALUE OF SECURITIES	RATING OF OVERALL SERVICES							
	Very Poor		Average			Excellent		
Less Than \$4,999	1	0	2	8	12	24	22	47
\$5,000 - \$24,999	1	0	2	13	31	30	32	59
\$25,000 - \$100,000	0	0	1	1	30	29	27	27
More Than \$100,000	0	0	1	1	8	12	9	21

TABLE 7
COMPARISON OF PORTFOLIO VALUE TO RATING OF ADMINISTRATIVE DETAILS

VALUE OF SECURITIES	RATING OF ADMINISTRATIVE DETAILS							
	Very Poor			Average			Excellent	
Less Than \$4,999	0	2	0	1	8	16	21	65
\$5,000 - \$24,999	3	1	1	7	19	20	32	87
\$25,000 - \$100,000	0	0	2	3	17	17	24	49
More Than \$100,000	1	2	3	1	6	6	10	29

TABLE 8
OTHER SERVICES DESIRED

Other Services	Number of Responses	Percent
Life Insurance	3	.55
Real Estate Investments	69	12.75
Estate Planning	55	10.17
Tax Planning	48	8.87
None	16	2.96
Real Estate Investments & Estate Planning	15	2.77
Estate Planning & Tax Planning	40	7.39
Real Estate Investments & Tax Planning	12	2.22
No Response	<u>283</u>	<u>52.31</u>
Total	<u>541</u>	<u>100.00</u>

TABLE 9
METHODS FOR IMPROVEMENT OF SERVICES

Method for Improvement	Number of Responses	Percent
No Response	247	45.66
More or Better-Quality Investment Advice	47	8.69
More Frequent Contact by Broker	25	4.62
More Advisory Services	27	4.99
Better Quality of Brokers	5	.92
More Contact by Broker & More Advisory Services	29	5.36
No Opinion	40	7.39
More Services	30	5.55
Satisfied	71	13.12
Specific Complaints	<u>20</u>	<u>3.70</u>
Total	<u>541</u>	<u>100.00</u>

In general, the larger investors were more satisfied with the present services than the smaller investor (Table 11). The smaller investor expressed a desire for more or better quality investment advice, with more frequent contact by their brokers and more advisory services.

TABLE 10
COMPARISON OF PORTFOLIO VALUE TO DESIRED ADDITIONAL SERVICES

VALUE OF SECURITIES	DESIRED ADDITIONAL SERVICES								
	Life Insurance	Real Estate Development	Estate Planning	Tax Planning	None	Real Estate & Estate	Estate & Tax	Real Estate & Tax	No Response But Saw Page
Less Than \$4,999	1	29	9	13	4	5	12	4	36
\$5,000 - \$24,999	1	21	26	18	7	8	13	5	36
\$25,000 - \$100,000	0	13	14	8	0	1	9	1	39
More Than \$100,000	1	4	3	5	4	1	6	2	15

TABLE 11
COMPARISON OF PORTFOLIO VALUE TO METHOD DESIRED FOR IMPROVEMENT OF SERVICES

VALUE OF SECURITIES	METHOD DESIRED FOR IMPROVEMENT OF SERVICES								
	More or Better Quality Investment Advice	More Frequent Contact	More Advisory Service	Better Quality of Brokers	More Contact by Broker & More Adv. Service	No Opinion	More Serv.	Satisfied	Specific Complaint
Less Than \$4,999	19	7	7	0	6	23	7	11	3
\$5,000 - \$24,999	18	9	9	1	12	4	7	20	7
\$25,000 - \$100,000	7	8	5	3	9	9	6	19	10
More Than \$100,000	2	0	3	1	2	2	7	15	0

Differentiation Among Branch Offices

The Great Falls office has over 44.5 percent of all the customers of the firm. Helena follows with over 19.5 percent, and Missoula and Butte are tied with 17.9 percent. The distribution of respondents by size of portfolio does not vary widely among the four cities.

The four areas differ widely in total population as well as in the number of higher income families (Table 13). It was interesting to note that although the offices in Helena, Butte, and Missoula have approximately the same numbers of customers, they widely differ in the number of higher income families from which to draw, as well as a striking difference in population. Possibly the difference in market penetration can be partially attributed to the length of time the offices have been operating and to the amount of local competition. Although there is no competition in Helena and Butte at the present time, the firm does have competition in Missoula.

In comparing the extent to which investors rely on their brokers in investment decision-making, it is interesting to note the customers of the Great Falls and Missoula offices rely on their brokers to a significantly greater extent than the customers of the Helena and Butte offices (Table 14).

There were also marked differences among the branch offices in the investors' rating of the broker's knowledge and understanding of the stock market. Investors in Great Falls and Missoula were more likely to rate this knowledge as excellent (Table 15).

TABLE 12
DISTRIBUTION OF RESPONDENTS ACCORDING TO THE TOTAL MARKET VALUE OF SECURITIES

MARKET VALUE OF SECURITIES	Cumulative		Great Falls		Helena		Missoula		Butte	
	#	%	#	%	#	%	#	%	#	%
Less Than \$4,999	141	27.38	61	26.52	27	26.73	29	31.52	24	26.97
\$5,000 - \$24,999	196	38.06	84	36.52	40	39.50	36	39.13	34	38.20
\$25,000 - \$100,000	122	23.69	57	24.78	26	25.74	17	18.48	22	24.72
More Than \$100,000	<u>56</u>	10.87	<u>28</u>	12.17	<u>8</u>	7.92	<u>10</u>	10.87	<u>9</u>	10.11
Total	<u>515</u>	100.00	<u>230</u>	100.00	<u>101</u>	100.00	<u>92</u>	100.00	<u>89</u>	100.00

TABLE 13
GENERAL CHARACTERISTICS OF COUNTIES IN WHICH OFFICES ARE LOCATED

County in Which Office is Located	Number of Families ¹ Having Income \$25,000 - \$49,999	Number of Families ¹ Having Income Equal to or Over \$50,000	Number of Families ¹ Having Income Equal to or Over \$25,000	Population ²
Cascade (Great Falls)	570	117	687	81,804
Lewis & Clark (Helena)	267	62	329	33,281
Missoula (Missoula)	349	166	515	58,263
Silver Bow (Butte)	153	54	207	41,981

Sources: ¹U. S. Department of Commerce, Bureau of the Census, Census of Population: 1970, General Social and Economic Characteristics, Montana, PC(1) - C28 (Washington, D. C.: U. S. Government Printing Office, 1971).

²U. S. Department of Commerce, Bureau of the Census, Census of Population: 1970, Number of Inhabitants, Montana, PC(1) - A28 (Washington, D. C.: U. S. Government Printing Office, November, 1970).

TABLE 14
 FREQUENCY OF RELIANCE ON BROKER'S INVESTMENT DECISION MAKING

Frequency of Reliance	Cumulative		Great Falls		Helena		Missoula		Butte	
	#	%	#	%	#	%	#	%	#	%
All of the time	48	9.30	21	9.17	6	5.88	13	14.61	8	8.60
Most of the time	233	45.16	118	51.53	36	35.29	41	46.07	37	39.78
Infrequently	188	36.43	77	33.62	40	39.22	30	33.71	40	43.01
Never	41	7.95	10	4.37	20	19.61	3	3.37	7	7.53
Other	<u>6</u>	1.16	<u>3</u>	1.31	<u>0</u>	--	<u>2</u>	2.25	<u>1</u>	1.08
Total	<u>516</u>	100.00	<u>229</u>	100.00	<u>102</u>	100.00	<u>89</u>	100.00	<u>93</u>	100.00

TABLE 15
 RATING OF BROKER'S KNOWLEDGE AND UNDERSTANDING OF THE STOCK MARKET, BY OFFICE

OFFICE	RATING															
	Very Poor		Average						Excellent							
	#	%	#	%	#	%	#	%	#	%	#	%				
Great Falls	0	0	1	.4	1	.4	8	3.9	29	14.2	43	21.0	50	24.5	72	35.2
Helena	1	1.1	1	1.1	4	4.5	6	6.8	24	27.5	17	19.5	15	17.2	19	21.8
Missoula	0	0	0	0	0	0	3	4.1	13	18.0	20	27.7	8	11.1	28	38.8
Butte	2	2.7	2	2.7	1	1.3	6	8.1	15	20.2	14	18.9	11	14.8	28	31.0

Investors in Helena and Butte were also more likely to perceive their broker as an order taker or salesman, whereas those in Missoula and Great Falls were more likely to perceive him as an investment advisor (Table 16).

The data presented in Table 17 indicates that investors in Missoula and Great Falls selected D. A. Davidson & Company initially because of a recommendation of a friend, personal knowledge of the broker, or contact by a broker. Investors in the other two offices were more likely to select the firm because of its location. A significant proportion of the Great Falls investors selected D. A. Davidson & Company because they considered it to be the best firm in that city.

Investors in Helena and Butte were more likely to seek investment advice from other sources, even though there are no other investment firms in either city (Table 18).

TABLE 16
PERCEPTION OF BROKER, BY OFFICE

OFFICE	PERCEPTION OF BROKER															
	Investment Advisor		Salesman		Order Taker		Other		Advisor & Order Taker		Advisor & Salesman		Salesman & Order Taker		All Three	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Great Falls	155	67.6	27	11.7	26	11.3	5	2.1	7	3.0	5	2.1	4	2.1	0	0
Helena	41	41.8	18	18.3	28	28.5	1	1.0	3	3.0	5	5.1	2	2.0	0	0
Missoula	54	59.3	14	15.3	14	15.3	4	4.3	2	2.1	1	1.0	2	2.1	0	0
Butte	48	52.1	10	10.8	28	30.4	0	0	4	4.3	1	1.0	0	0	1	0

TABLE 17
BASIS FOR INITIAL SELECTION OF D. A. DAVIDSON & CO.

Basis for Selection	Cumulative		Great Falls		Helena		Missoula		Butte	
	#	%	#	%	#	%	#	%	#	%
Recommendation of a Friend	123	23.93	70	30.57	12	12.00	27	29.67	13	14.29
Convenient Location	125	24.32	15	6.55	52	52.00	16	17.58	41	45.05
Personal Knowledge of Broker	153	29.77	90	39.30	20	20.00	23	25.27	20	21.98
Personal Contact by the Broker	65	12.65	30	13.10	8	8.00	19	20.88	8	8.79
Other (e.g. Advertisements)	7	1.36	4	1.75	1	1.00	1	1.10	0	--
Convenient Location & Advertisements	1	.19	1	.44	0	--	0	--	0	--
Best One Found	11	2.14	10	4.37	0	--	1	1.10	0	--
Convenient Location & Friend's Recommendation	14	2.72	5	2.18	2	2.00	3	3.30	4	4.40
Convenient Location & Broker Contact	15	2.92	4	1.75	5	5.00	1	1.10	5	5.49
Total	514	100.00	229	100.00	100	100.00	91	100.00	91	100.00

TABLE 18

NUMBER OF RESPONDENTS SEEKING INVESTMENT ADVICE
FROM OTHER SOURCES, BY OFFICE

OFFICE	Are Seeking Advice		Are Not Seeking Advice	
	No	%	No	%
Great Falls	54	22.9	182	77.1
Helena	35	34.0	68	66.0
Missoula	20	21.8	72	78.2
Butte	<u>25</u>	<u>26.9</u>	<u>68</u>	<u>73.1</u>
Total	134	100.00	390	100.00

CHAPTER IV

CONCLUSIONS AND RECOMMENDATIONS

Introduction

The success of any business firm ultimately depends upon how well it satisfies the needs of its customers. The principal objective of the present study was to determine how well D. A. Davidson & Company serves its customers. This study was conducted by sending questionnaires to 1,014 customers, of whom 541 submitted replies. It is important to recognize that the survey contains certain biases, in that only present customers are included in the study and no analysis was made of the non-respondents. No attempt was made to obtain information from any investors who might have left D. A. Davidson & Company because of dissatisfaction with the firm. This final chapter presents certain conclusions and recommendations based upon the data discussed in the preceding chapters.

Conclusions

The majority of D. A. Davidson & Company's customers have been investing in the stock market for over five years, and most of them look principally to this firm for their investment services and advice. This indicates that the firm is able to retain customers over long periods of time. On the other hand, there is some indication that the firm could be more aggressive in seeking new customers, as few of its present customers came to the firm by virtue of being

contacted by one of its brokers. A need for more aggressiveness may be indicated by the fact that relatively few of the firm's customers are small investors--only 4 percent with portfolios of less than \$5,000.

Responses to question 3c, concerning the sources consulted for price quotes, indicate that the newspaper may be the best medium for appealing to inexperienced investors. The firm may want to consider various methods of advertising including the use of coupons to measure the effectiveness of its advertising and the use of 'teasers' (e.g., following a list of stocks in an ad, the following headline will appear, "Of The Ten Listed Stocks, Which Does XYZ Investment Firm Rate Buy Now?").

There are large differences in the numbers of customers of the branch offices in relation to county populations and numbers of families in the higher income brackets in their areas of operation. For example, of the four counties, Missoula has the second largest population and the second largest number of high-income families, yet the Missoula office ranks third in the number of customers behind Butte, which has less than half as many high-income families as Missoula. This, of course, may be due to differences in the competitive climates, with one competing brokerage office in Missoula and none in Butte.

The investment information published by D. A. Davidson & Company is generally rated average to excellent by the investors who receive the information most frequently, i.e., those with larger portfolios. Several respondents felt that while, in their opinions, the information had been average in the past, the addition of the new

security analyst in January, 1972, would alleviate any problems in this area.

Minor differences were indicated with regard to the elevation of the brokers in the various offices. Helena and Butte customers were less likely to rely on their brokers in making investment decisions, were more likely to perceive him as an order taker or salesman, and were more likely to give him less than an excellent rating.

In addition, respondents in Helena and Butte were more inclined to seek investment advice from other sources; and a significant number of them had selected the services of D. A. Davidson & Company because of its location, rather than its reputation. These observations indicate that problems could arise in the Helena and Butte offices should competitive brokerage firms locate in these two cities.

The firm's customers indicated a desire for further advice in the areas of real estate investment, estate planning, and tax planning. Although the individual broker cannot possibly be well qualified in all of these areas, further training in the early stages of his career might enable him to become more effective in taking such things as estate and tax planning into account when advising clients on their financial investments.

It was not surprising to find that the firm's customers desire more investment advice and more frequent contact by their broker. This expressed need for more advice may be alleviated, at least in part, by the addition of the security analyst to the staff of the firm. Since a broker's compensation is determined by his sales, he has a natural reluctance to spend a great deal of time with small investors. Merrill Lynch has eliminated this problem in some offices

by letting one or two brokers handle nothing but small accounts. Such brokers are particular types of individuals compensated on a straight salary basis, which is quite large. This may not be feasible in a firm the size of D. A. Davidson & Company at the present time, but may be a possibility for the future.

Recommendations

The vast majority of D. A. Davidson & Company's customers indicated that they are satisfied with the services presently offered. The recommendations offered here are concerned with the future improvement of services in the eyes of its customers.

A significant percentage of the respondents indicated a desire for more and better investment advice. Many also expressed a desire for more contact with their broker, as well as for assistance in real estate investment, estate planning, and tax planning. Apparently more effort should be made to determine how frequently an investor desires to be contacted, and this should be followed up with more or less contact and advice, with due regard to the wishes of the investor.

A significant proportion of the customers of the firm have a majority of their capital invested in real estate. Real estate investment was also selected as the most desirable addition to the firm's present services. In view of this, it may be worthwhile to investigate the possibilities of adding services in this area.

Areas in Need of Further Study

Several difficulties are encountered in a study of this nature. Of prime importance is the fact that there are no similar studies of other firms to use as a basis for comparison.

D. A. Davidson & Company does a variety of advertising. The effectiveness of its advertising should be studied to determine the soundness of its present policies and any changes that should be made.

A study, difficult as it would be, should be made to determine why investors have left the firm. It might also be desirable to make a survey of investors who have never patronized D. A. Davidson & Company, as both of these studies could yield useful information.

By any measure, D. A. Davidson & Company has been a highly successful investment firm. Part of its success may be attributable to its willingness to adopt new ideas. It is quite apparent that the services offered by D. A. Davidson & Company are well received by a very large number of Montana investors.

APPENDIX A
COVER LETTER

ST STOCK EXCHANGE
: COAST STOCK EXCHANGE
O BOARD OF TRADE

OFFICES:
HELENA
MISSOULA
BUTTE

D. A. DAVIDSON & CO.

DAVIDSON BUILDING
GREAT FALLS, MONTANA

59401

PHONE
483-1625
761-3310

"WHERE WALL STREET MEETS THE ROCKIES"

February 22, 1972

Dear D. A. Davidson & Co. Customer:

D. A. Davidson & Co. is continually concerned with providing the best possible service to you, our customer. To help us achieve this goal, a questionnaire has been prepared in order to better determine how you feel towards our present services and how they might be improved.

You have been selected from a relatively small sample of our customers, therefore your reply is a very important key to providing the answers to this study. Completion of this questionnaire will only take a few minutes of your time. Would you please fill it out as soon as possible and return it in the enclosed, self-addressed envelope. This questionnaire is completely confidential and no names are required on it whatsoever.

Thank you so much for helping us to provide you with better service.

Sincerely,



Ian B. Davidson
President

IBD/vb
Enc.

Montana's Oldest Investment Firm.....Your Ideal Broker

APPENDIX B
QUESTIONNAIRE

INVESTOR'S SURVEY

Answer the following questions with a CHECK MARK on the line beside your answer or on the appropriate scale and, if required, by completing your answer in the blank space provided. NO NAMES ARE ESTED AND ALL INFORMATION WILL BE KEPT STRICTLY CONFIDENTIAL. PLEASE RETURN THIS TIONNAIRE AS SOON AS POSSIBLE.

) 1a. How long have you been investing in the stock market?

- Less than one year
- 1 to 5 years
- More than 5 years

() 1b. In which city is your D. A. Davidson & Co. broker located?

- Great Falls
- Helena
- Missoula
- Butte

) 2a. Of the following, please check the one category in which you have the majority of your capital invested.

- Common stocks
- Mutual funds
- Commodities
- Tax-exempt municipal bonds
- Corporate bonds
- Government bonds
- Real Estate
- Other (Please specify) _____

() 2b. What is the primary reason for investing the majority of your capital in this type of investment?

- Capital gains or appreciation
- Tax advantages
- Safety and income
- Other (Please specify) _____

) 3a. Do you receive price quotes on stocks, bonds, commodities, or mutual funds?

- Yes
- No

IF "NO" SKIP TO QUESTION 4a.

IF "YES":

() 3b. How often do you receive these price quotes?

- Daily
- Weekly
- Monthly
- Infrequently
- Other (Please specify) _____

() 3c. And how do you most often receive these quotes?

- Radio
- Daily newspaper
- Broker
- Monthly periodical
- Other (Please specify) _____

() 3d. Do you receive price quotes from D. A. Davidson & Co.?

- Yes
- No

- () 4a. Do you receive any written investment information from D. A. Davidson & Co.?
 Yes
 No

IF "NO" SKIP TO QUESTION 5a.

IF "YES":

- () 4b. How often do you receive investment information?
 Weekly
 Monthly
 Quarterly
 Infrequently
 Other (Please specify) _____

- () 4c. When was the last time you received such information?
 Within the past week
 Within the past 2 weeks
 Within the past month
 Other (Please specify) _____

- () 4d. How do you rate the quality of this information?

 Very Poor ————— Average ————— Excellent No opinion

- () 4e. And which one of the following do you find the most useful?
 Specific investment recommendations
 Market commentaries
 Economic newsletters
 All of the above
 None of the above

- () 5a. On the average, how often do you talk with your D. A. Davidson & Co. broker?
 Daily
 Weekly
 Monthly
 Infrequently
 Other (Please specify) _____

- () 5b. What sort of information would you most likely require from him?
 Quotes and orders
 Advice on securities
 Advice on specific investment decisions
 Other (Please specify) _____

- () 5c. How do you rate your D. A. Davidson & Co. broker's knowledge and understanding of the stock market?

 Very Poor ————— Average ————— Excellent No opinion

- () 5d. How do you primarily perceive your D. A. Davidson & Co. broker? (Please check one)
 As an investment advisor
 As a salesman
 As an order taker
 Other (Please specify) _____

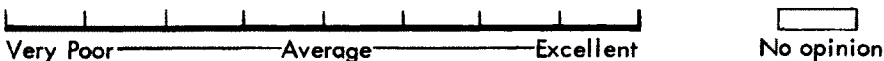
- () 5e. How often do you rely on your D. A. Davidson & Co. broker's investment decision making
 All of the time
 Most of the time
 Infrequently
 Never
 Other (Please specify) _____

- 6a. Do you deal with any other brokerage firms at the present time?
 Yes
 No

IF "NO" SKIP TO QUESTION 7.

IF "YES":

- () 6b. What is the reason for using the services of another firm?
 Other firm is larger
 Other firm has a better research staff
 Other firm has more qualified brokers
 Other firm offers other types of investments
 Other (Please specify) _____

- () 6c. Overall, how do you rate D. A. Davidson & Co. in comparison?

 Very Poor ————— Average ————— Excellent No opinion

- () 6d. What percentage of all your holdings were acquired through D. A. Davidson & Co.?
 0-25 percent
 26-50 percent
 51-75 percent
 76 percent or more

7. On What basis did you select D. A. Davidson & Co. initially?
 Recommendation of a friend
 Convenient location
 Personal knowledge of the broker
 Personal contact by the broker
 Other (Please specify) _____

- 8a. During the past 12 months have you frequently sought investment advice from other sources?
 Yes
 No

IF "NO", SKIP TO QUESTION 9.

IF "YES":

- () 8b. What are these sources? (Check more than one if necessary)
 Investment counselors
 Bankers
 Accountants
 Friends
 Other (Please specify) _____

9. We would appreciate an estimate of the total market value of all securities you now own.
 Less than \$4,999
 \$5,000 - \$24,999
 \$25,000 - \$100,000
 Over \$100,000

10. How would you rate the overall service provided by D. A. Davidson & Co.?


 Very Poor ————— Average ————— Excellent No opinion

11. How would you rate D. A. Davidson & Co.' handling of administrative details (e.g. execution of orders, statement preparation, confirmations, etc.)


 Very Poor ————— Average ————— Excellent No opinion

() 12. What other services would you like to see offered at D. A. Davidson & Co.?

____ Life insurance

____ Real estate development or investment

____ Estate planning

____ Tax planning

____ Other (Please specify) _____

() 13. In what ways could D. A. Davidson & Co. improve its services? (e.g. more investment advice, more frequent contact by broker, more advisory services, better quality of brokers, etc.)

Thank you very much. A postage-paid, addressed envelope is enclosed for your convenience in returning questionnaire.

D. A. Davidson & Co.
Box 1479
Missoula, Montana 59801

APPENDIX C
FOLLOW-UP POST CARD

Dear D. A. Davidson & Co. Customer:

Have you completed and returned the Investor's Survey that was mailed to you a few days ago? If you have, we would like to take this opportunity to thank you for your time and effort. If you have not completed the questionnaire, would you please do so as soon as possible. We would like to have all of our questionnaires returned by March 1, 1972 to complete the compilation of data. If your questionnaire has been inadvertently misplaced, please check the box below and return this card in an envelope to the address below. A new questionnaire will be immediately sent to you.

Once again, thank you for helping us to provide better service to you.

D. A. Davidson & Co.
Box 1479
Missoula, Montana 59801

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